

CITY OF BURBANK
Burbank, California

Single Audit Report on Expenditures of Federal Awards

Year ended June 30, 2009

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Year ended June 30, 2009

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Honorable Mayor and City Council
City of Burbank, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burbank, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Burbank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Burbank's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Burbank's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Burbank's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

Honorable Mayor and City Council
City of Burbank, California
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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted certain other matters that we have reported to the management of the City of Burbank in a separate letter dated November 13, 2009.

This report is intended solely for the information and use of the City Council and management of the City of Burbank, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman Melamm P.C.

Irvine, California
November 13, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Burbank, California, with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Burbank's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Burbank's management. Our responsibility is to express an opinion on the City of Burbank's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burbank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Burbank's compliance with those requirements.

In our opinion, the City of Burbank complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Burbank is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Burbank's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Burbank's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 13, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Burbank's basic financial statements. The accompanying schedule of expenditures of federal awards and financial data schedules are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management of the City of Burbank, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLean P.C.

Irvine, California
November 13, 2009

CITY OF BURBANK

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Funding Agency/Program Name</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program Expenditures</u>
Department of Health and Human Services:				
Passed through the Los Angeles County Area Agency on Aging:				
Title III, Part B - Grants for Supportive Services and Senior Center	93.044	-	CK 40280	\$ 906
Title III, Part C1 - Congregate Nutrition	93.045	-	CK 40280	150,956
Title III, Part C2 - Home Delivered Meals	93.045	-	CK 40280	150,801
Nutrition Services Incentive	93.053	-	CK 40280	50,562
Total Department of Health and Human Services				<u>353,225</u> *
Department of Agriculture:				
Passed through the Burbank Unified School District :				
Summer Food Service Program	10.559	-	228200	<u>29,511</u>
Total Department of Agriculture				<u>29,511</u>
Department of Housing and Urban Development:				
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871	CA105VO	-	8,676,574 *
Community Development Block Grant	14.218	B-03-BC-06-0513	-	1,591,122
HOME Investment Partnerships Program	14.239	M-03-MC-06-0504	-	<u>78,325</u>
Total Department of Housing and Urban Development				<u>10,346,021</u>
Corporation for National and Community Service:				
Direct Assistance:				
Retired Seniors Volunteers Program	94.002	440P034/19	-	<u>67,349</u>
Total Corporation for National and Community Service				<u>67,349</u>

* Major Program

N/A - Not Available

(Continued)

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BURBANK

Schedule of Expenditures of Federal Awards

(Continued)

<u>Funding Agency/Program Name</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program Expenditures</u>
Department of Justice:				
Passed through the Bureau of Justice Assistance :				
Federal bulletproof vest	16.592	-	N/A	10,593
Local Law Enforcement Block Grant Program	16.592	-	2005-LB-BX-1199	30
Local Law Enforcement Block Grant Program	16.592	-	2006-LB-BX-0216	5,005
Local Law Enforcement Block Grant Program	16.592	-	2007-DJ-BX-0803	6,611
OTS grants	16.592	-	N/A	<u>37,520</u>
Total Department of Justice				<u>59,759</u>
Department of Homeland Security:				
Passed through the State of California Office of Emergency Services:				
Urban Area Security Initiative (UASI) FY06	97.067	-	2006-C-112253	<u>1,601</u>
Total Department of Homeland Security				<u>1,601</u>
Department of Labor:				
Passed through the State of California:			Ref. 101 Fed	
Local Workforce Investment Area	17.258	-	Catalog 417260	<u>60,000</u>
Total Department of Labor				<u>60,000</u>
Total Federal Awards				<u>\$ 10,917,466</u>

* Major Program

N/A - Not Available

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BURBANK

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Burbank (City) that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from non-federal organizations. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2009, the City of Burbank incurred \$194,252 of Community Development Block Grant (CFDA No. 14.218) expenditures that were paid to 12 subrecipients.

(d) Loans Receivable

At June 30, 2009, outstanding loans receivable from CDBG funds totaled \$2,255,209. Outstanding loans receivable from HOME funds totaled \$5,726,782.

CITY OF BURBANK

Financial Data Schedule

June 30, 2009

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Voucher Program</u>
	<u>Assets</u>	
	Current assets:	
111	Cash - unrestricted	\$ 2,821,778
100	Total cash	<u>2,821,778</u>
124	Accounts receivable - other government	6,431
129	Accrued interest receivable	<u>9,976</u>
120	Total receivables, net of allowances for doubtful accounts	<u>16,407</u>
150	Total current assets	<u>2,838,185</u>
190	Total assets	<u>\$ 2,838,185</u>
	<u>Liabilities and Fund Balance</u>	
	Current liabilities:	
312	Accounts payable, less than 90 days	\$ 4,179
333	Accounts payable - other government	<u>339,158</u>
310	Total current liabilities	<u>343,337</u>
300	Total liabilities	<u>343,337</u>
	Fund balance:	
511	Reserved fund balance	641,517
512	Undesignated fund balance	<u>1,853,331</u>
513	Total fund balance	<u>2,494,848</u>
600	Total liabilities and fund balance	<u>\$ 2,838,185</u>

CITY OF BURBANK

Financial Data Schedule

Year ended June 30, 2009

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Voucher Program</u>
	Revenues:	
706	HUD PHA grants	\$ 7,977,307
715	Other revenue	48,365
720	Investment income - restricted	97,217
700	Total revenues	<u>8,122,889</u>
	Operating Expenditures:	
911	Administrative salaries	329,594
915	Employee benefit contributions - administrative	148,078
921	Tenant services - salaries	539,091
923	Employee benefit contributions - tenant services	242,201
924	Tenant services - other	44,974
962	Other general charges	32,967
969	Total operating expenditures	<u>1,336,905</u>
970	Excess operating revenues over operating expenditures	<u>6,785,984</u>
	Expenditures:	
973	Housing assistance payments	<u>7,339,669</u>
900	Total expenditures	<u>8,676,574</u>
1000	Excess (deficiency) of operating revenues over (under) expenditures	<u>\$ (553,685)</u>

CITY OF BURBANK

Financial Data Schedule

June 30, 2009

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Voucher Program</u>
1103	Beginning equity	\$ 3,048,533
1104	Prior period adjustments, equity transfers and correction of errors	-
1120	Unit months available	12,168
1121	Number of unit months leased	11,676

CITY OF BURBANK
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control over financial reporting, nor were there any significant deficiencies in internal control as a result of the audit of the financial statements.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses or other significant deficiencies in internal control over major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were:
 - CFDA 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers
 - CFDA's 93.044, 93.045 and 93.053 U.S. Department of Health and Human Services – Nutrition Aging Programs Cluster
8. The dollar threshold used to distinguish Type A and Type B programs was \$327,524.
9. The auditee was considered to be a low risk auditee for the year ended June 30, 2009 for purposes of major program determination, as defined by OMB Circular A-133 paragraph .530.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

CITY OF BURBANK
Summary Schedule of Prior Audit Findings
Year ended June 30, 2009

There were no audit findings reported for the year ended June 30, 2008 that required follow-up during the year ended June 30, 2009.